

Message Text

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APPROVED BY EUR R D VINE
EUR/RPE A C ALBRECHT
LABOR J METCALF
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OES P GLASOE
COMMERCE F HOWELL
EA E HEGINBOTHAM
HUD J GEHERTY-TREAS:SVANBATENBURG
IO/EX S CUMMINS (SUBS)
-----027195 220039Z /15
O 220014Z JUL 77
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USOECD

E.O. 11652: N/A

TAGS: AORG, EGEN, OECD

SUBJECT: 1978 OECD BUDGET

REF: (A) PARIS 19983; (B) PARIS 19997; (C) C (77) 131

1. DEPARTMENT CONCURS IN APPROACH TAKEN BY AMBASSADOR
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SALZMAN AT JULY 7 COUNCIL MEETING ON 1978 OECD WORK PROGRAM
AND BUDGET (REFS A AND B).

2. THERE ARE SEVERAL POINTS (MOST OF WHICH WERE ALSO
COVERED AT JULY 7 MEETING) WHICH SHOULD BE MADE FOR THE
RECORD WHEN COUNCIL NEXT DISCUSSES 1978 OECD WORK PROGRAM
AND BUDGET. YOU SHOULD CLEARLY INDICATE YOU ARE SPEAKING

ON BASIS OF INSTRUCTIONS FROM WASHINGTON.

A. WE WELCOME SECRETARY GENERAL VAN LENNEP'S STATEMENT (PARA 27, REF C) THAT HE WOULD BE PREPARED TO DRAFT 1978 WORK PROGRAM IMPLYING RESOURCE LEVEL VERY CLOSE TO THAT OF 1977. FYI. USG COULD NOT RPT NOT SUPPORT 1978 OECD BUDGET WHICH, IN REAL TERMS, IS MORE THAN TWO PERCENT ABOVE CURRENT LEVEL. OUR 1978 BUDGET PLANNING (US CONTRIBUTION TO INTERNATIONAL ORGANIZATIONS) HAS BEEN BASED UPON THIS ASSUMPTION. END FYI.

B. BECAUSE WORK OF ORGANIZATION INCREASINGLY CUTS ACROSS DIRECTORATES (AS NOTED IN PARAS 16-24 REF C), THERE IS NEED FOR MORE INFORMAL COORDINATION AT LOWER LEVELS IN THE SECRETARIAT. CONSIDERATION MIGHT BE GIVEN TO MORE EXTENSIVE USE OF INFORMAL AD HOC GROUPS WITHIN SECRETARIAT ON PROJECT-BY-PROJECT BASIS, DRAWING UPON EXPERTISE FROM VARIOUS DIRECTORATES AS REQUIRED. SUCH JOINT EFFORT WOULD ELIMINATE DUPLICATION AND PERMIT VIEWS OF ALL INTERESTED DIRECTORATES TO BE CONSIDERED FROM THE START, RATHER THAN HAVING DRAFTS PASSED BACK AND FORTH FOR COMMENT AND REVISION. FYI. WE WOULD LIKE TO AVOID SITUATIONS WHERE TWO OR MORE DIRECTORATES ARE WORKING ON OVERLAPPING PROJECTS, SUCH AS OCCURRED IN SEPARATE WASTE PAPER STUDIES BY ENVIRONMENT AND INDUSTRY DIRECTORATES. END FYI.

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C. GIVEN INCREASING ATTENTION BY THE ORGANIZATION TO INDUSTRY AND INVESTMENT PROBLEMS AND IMPORTANCE OF NON-INFLATIONARY GROWTH STRATEGY (WHICH INVOLVES MICRO AS WELL AS MACRO FACTORS) TO MEMBERS, IT WOULD BE APPROPRIATE FOR THE SECRETARIAT TO UPGRADE ITS MICRO-ECONOMIC ANALYTICAL CAPABILITY. SCIENCE, TECHNOLOGY AND INDUSTRY DIRECTORATE MIGHT BE APPROPRIATE PLACE FOR SUCH EXPERTISE, SINCE MOST WORK WOULD BE INDUSTRY RELATED, BUT OTHER DIRECTORATES SHOULD BE ABLE TO DRAW UPON THIS RESOURCE WHEN NECESSARY. FYI. JUST WHERE WITHIN OECD MICRO-ECONOMIST(S) WOULD SIT IS FAR LESS IMPORTANT THAN RAPID UPGRADING OF THIS CAPABILITY. END FYI.

D. MINISTERIAL INITIATIVES MUST BE ADEQUATELY FUNDED IN 1978 OECD BUDGET, E.G., THE ORGANIZATION'S WORK RELATING TO THE OECD STRATEGY FOR SUSTAINED ECONOMIC GROWTH AND BASIC HUMAN NEEDS. SINCE THE OECD CONFERENCE ON JOBS FOR YOUTH WILL BE HELD THIS YEAR, ONLY FOLLOW-UP ACTIVITIES WILL REQUIRE FUNDING IN 1978 BUDGET. A DECISION ON 1978 RESOURCE LEVEL FOR OECD ACTIVITIES IN AREA OF EAST-WEST ECONOMIC RELATIONS MUST BE DEFERRED UNTIL AFTER THE XCSS HAS COMPLETED ITS BROAD REVIEW OF THIS SUBJECT AT ITS FALL

MEETING.

E. WE SUPPORT CONCEPT OF ESTABLISHING PRIORITIES WITHIN THE COMMITTEES' WORK PROGRAM IN ORDER TO JUDGE WHICH PROJECTS/PROGRAMS ARE MOST ESSENTIAL. COMMITTEES WHICH HAVE NOT DONE SO SHOULD BE ASKED TO ASSIGN PRIORITIES TO COMPONENT PARTS OF 1978 WORK PROGRAM. WE WOULD LIKE TO SEE A PROCEDURE ADOPTED WHEREBY ALL OECD PROGRAMS/PROJECTS COULD BE RANKED (BY MEMBERS) IN RELATION TO EACH OTHER IN ORDER TO ESTABLISH PRIORITIES ON OVERALL BASIS AS WELL AS WITHIN

COMMITTEES. SUCH A PROCEDURE WOULD GREATLY FACILITATE SHIFTING RESOURCES FROM LOW TO HIGH PRIORITY ITEMS, WHICH IS ESSENTIAL IF OECD BUDGET IS TO BE KEPT WITHIN REASONABLE LIMITED OFFICIAL USE

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BOUNDS AS NEW ACTIVITIES ARE UNDERTAKEN BY THE ORGANIZATION. FYI. OVERALL RANKING OF OECD PROGRAMS/PROJECTS MAY BE DIFFICULT IN AN INTERNATIONAL ORGANIZATION WHICH OPERATES ON CONSENSUS BASIS, BUT WE SHOULD MAKE EVERY EFFORT TO MOVE IN THIS DIRECTION. END FYI.

3. PROPOSED DRAFT ENTRY IN COUNCIL MINUTES (PARA 30, REF C) IS ACCEPTABLE.
VANCE

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